

August 21, 2009

Maine Milk Commission Meeting Minutes  
Deering Building, Room 233  
Augusta, Maine 04333

Notices for the August 21, 2009 meeting were distributed to Commission members, intervenors and other interested parties July 17, 2009 and sent to the Secretary of State's Office for posting on July 29, 2009.

**Commission Present:** Colon Durrell, Richard Cook, Mark Hedrich, *ex-officio* and Chairman Michael Wiers

**Commission Absent:** John Joseph

**Department Officials:** None

**Staff Present:** Tim Drake, Executive Director, and Carol Gauthier, Office Associate

**Legal Counsel:** Not Present

**Intervenors Present:** John Blake, H.P. Hood, Inc., Thomas Brigham, Oakhurst Dairy, Marc Lessard, John Economy, Garelick Farms, Hannaford's, Steve Culver, Hannaford's, Dale Cole, President of the Maine Dairy Industry Association (MDIA) and Julie-Marie Bickford, Executive Director of Maine Dairy Industry Association.

**Others Present:** Fred Hardy from MDIA; Clayton Davis of DFA also Mary Frank and Ruby Hardy, public attendees.

**Agenda Item 1: Minutes:** Colon Durrell made a motion to accept the minutes of the July 17, 2009 meeting. Richard Cook seconded. Motion passed 3-0.

**Agenda Item 2: Amy Mills, Assistant Attorney General:** Not present.

**Cost of Production Study, Chapter 26:** Colon Durrell made the motion to accept the latest of production study that was presented to the Commission on July 17 which was adjusted for inflation. He also moved to use the three cost of production figures of \$28.81 for small farms (tier one), \$25.01 for medium farms (tier two) and \$23.87 for large farms (tier three) that were weighted by CWT and a statewide average of \$25.50. Richard Cook seconded the motion. The motion passed 3-0.

**Agenda Item 3: Minimum Prices:**

Tim Drake reported that there is a prevailing premium of \$1.10/cwt on Class I for September 2009 reported by Dairy Marketing Services (DMS) and Agri-Mark Cooperative. In addition to this premium, both Agri-Mark and DMS reported that an additional \$0.43/cwt for milk that comes from producers who do not treat their cows with the rBST hormone will be in affect. Federal Order One Class I price for September is \$14.18. He explained that a schedule was prepared using this information plus a producer cost of production adjustment (COPA) of \$1.66/cwt, a schedule using \$1.52 as a COPA was also prepared for the Commission. He stated that this price schedule was for information purposes and that the Commission was not bound to it, and should make their pricing determination after hearing testimony.

Chairman Wiers asked if there were any comments or new information from the interveners.

Julie-Marie Bickford of MDIA noted that there tensions were still high amongst farmers even though there was some encouraging news of increased prices. But bad weather was causing stress because of poor

growing conditions which will cause lower yields and reduced quality crops. There is still uncertainty surrounding the tier program.

Colon Durrell asked Tim Drake how the handling fee worked and why changes in the fee did not always correspond with increased milk prices. Mr. Drake answered that the formula that calculates the handling fee was not perfect and worked with ranges of prices and could not track price changes exactly. Tom Brigham agreed and reiterated that the ranges that the handling fee uses cause the fee to not track the prices.

Tom Brigham stated that the principal to change the producer margin is there because the margin was increased when the milk price decreased in July and was supposed to be temporary. He further stated that now that the class I price has increased the producer margin should be decreased. He also stated that he was conflicted about this because he knew the farms were still under stress while his company and other processors were being hurt by the high producer margin.

Julie- Marie Bickford offered that MDIA also views the increased producer margin as temporary and should be decreased if milk prices continue to increase in the months to come. She also urged the Commission to consider the rate of decrease in proportion to the rate milk price increase while they realize the challenges faced by the processors with increased producer margins and high handling fees.

Dale Cole stated he appreciated what the Commission has done to help farmers.

Colon Durrell said that he tries to remember that this is supposed to be a consumer panel and the effect the Commission has on consumer prices.

Colon Durrell made the motion to accept order 09-09 with \$1.52 as a producer margin, Richard Cook seconded this motion.

Mike Wiers asked the processors present if one more month of \$1.66 as a producer margin would pose a problem.

John Blake and John Economy stated that it was a problem for their companies.

Julie-Maries said that MDIA would appreciate another month with a producer margin of \$1.66 but that maybe a more gradual decrease in the margin was more appropriate, she question whether there was some middle ground to be found.

Mark Hedrich stated that he did not believe that cutting the producer margin now is the right thing to do and that the Commission should wait another month before considering this.

Richard Cook said that the original increase in the producer margin was because of the gap in tier payments to the farmers and was intended to be temporary. Now that the farmers are receiving tier payment it is the time to decrease the producer margin.

Mark Hedrich stated that he felt that this was a critical point for the farmers and wanted to stay with \$1.66 as a producer margin.

Colon Durrell then withdrew his original motion and made the motion to accept order # 09-09 with a producer margin of \$1.58. Richard Cook seconded the motion.

Tom Brigham asked that this be revisited in following months and the producer margin be decreased as milk prices increase.

John Blake offered that it was poor policy to set milk prices according to how the producer margin affects retail prices. He also stated that he felt that farmers need to look to the task force and legislature to fix farm income.

Chairman Wiers called for a vote. The motion passed 3-1.

**Agenda Item 4: Maine Monthly Price Survey:** The Commission reviewed the Maine price survey for August 2009 which included prices for Augusta, Bangor/Brewer, Palmyra, Auburn and Brunswick. Prices surveys for July were also reviewed for Aroostook County and Calais.

**Agenda Item 5: Next Scheduled Meetings:**

- September 18, 2009, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- October 23, 2009, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- November 20, 2009, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- December 18, 2009, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME

**Agenda Item 6: Other:**

1. **Milk Commission Budget:** The Commission reviewed the latest budget summary.
2. **Milk Promotions:** None
3. **Minimum Price Violations:** Tim Drake gave an update to the Stop & Shop violation. The consent agreement has been signed and delivered to staff.

**Agenda Item 7: Executive Session:** The Commission did not go into Executive Session.

**Adjourned:** Adjourned at 2:30 p.m. August 21, 2009.

Tim Drake, Maine Milk Commission